

Chartered Institute of Marketing – Strategic Marketing in Practice Case Study

## **ALZHEIMER’S SOCIETY – Tutor’s Notes – David Kilburn**

What is their core proposition? – leading the fight against dementia. ALZ is a leader, pathfinder, the organisation that is in the vanguard, leading from the front, pioneering but need to do significant work on outcome/impact reporting.

If I give money to ALZ what will happen to it? What will it be spent on? Will it help find a cure? Will it help people to recover or prolong meaningful life?

Will it pay for expert care so loved ones can endure the illness with dignity and die in peace?

How can ALZ grow and develop in the future?

There is a need to communicate effectively and to understand why and where it is effective How effective is each pound spent? Analysis and strategic marketing decisions must be taken.

ALZ is a medium sized charity and often gets squeezed out when it comes to fundraising and support so ALZ needs to get bigger –could merge, take over smaller complementary charities in the U.K./Internationally to become a bigger player and consequently leverage greater benefits from donors.

### **Dementia in the U.K. is expected to double in the next 30 years (Dept. of Health)**

There should be a minimum level of support regardless of postcode or personal circumstances. Dementia requires a complex and changing mix of approaches to tackle it.

### **International perspective**

The study of age profiles of populations in other countries is of great interest to those studying dementia.

There is scope for ALZ to merge/take over associated international charities to have an ‘international voice’, economies of scale and more bargaining power! ADI – Alzheimer’s Disease International, World Alzheimer’s day – 21 September (since 1994).

ALZ is at the forefront of a number of organisations trying to halt and reverse the harmful effects of dementia. So why not take over the others?- be bigger, better and create synergy!

Communications – Charities – be open and honest in all their dealings.

The aim of Alzheimer’s Society is to ‘improve the lives of people with Alzheimer’s disease and other dementias’.

Its strategic objectives are:

- To make it possible for people with dementia from every group and community to obtain the information and help they need in order to maintain the best quality of life.
- To ensure that carers receive the best advice, support and training
- To monitor the quality and availability of health, support and care services for people with dementia
- To advance recognition and acceptance of the rights of people with dementia and the people who care for them, by moving dementia to the top of the political agenda

- To promote effective information exchange nationally and internationally
- To drive a serious research effort in relation to causes, prevention and treatment of dementia
- To achieve excellence in the Society's governance, leadership, management and financing arrangements, anticipating and adapting to changes in its operating environment

Dementia helpline established 10 years, Talking Point – online discussion forum, has been established for 5 years

### **Advertising and marketing in the charities sector**

The greatest proportion of the total spend on advertising is spent is made by children's charities, followed closely by health and animal charities. In 2006, children's charities spent £51.8 million of the total £310.7 million spent by all charities.

A major focus of advertising has been the attempt to secure direct debit payments from donors, thus establishing a more stable and predictable income. Direct mail remains the largest area of spend for most charities. It has been proved the most economical way of targeting large groups of people, despite the fact that a third of such mailings are thrown away unopened.

It is becoming harder to recruit first time donors. Dichotomy- funding is being used to market to potential donors who are reluctant to give knowing that most of their donation will be spent on marketing campaigns!

### **ALZ – marketing and communications**

ALZ spent £1.7 million in 2008 on its own campaigning and awareness raising initiatives to keep dementia top of mind. Highly effective use of Coronation Street actor with dementia to raise awareness amongst the public. Won PR award.

ALZ has rebranded and has new logo and strapline - leading the fight against dementia  
The new values are:-

- passion
- quality
- integrity
- inclusion
- mutual respect

ALZ has redeveloped its website, created a new magazine, produced a quarterly newsletter – living with dementia, and produced Quick Reads of major articles to help people with dementia and carers.

National Dementia Strategy for England – launched in Feb 2009. Has 3 major themes:

- improving public and professional awareness
- ensuring early intervention and diagnosis
- improving the quality of care for people with dementia and support for carers

The principles of marketing in the charitable sector are very little different to those that operate in

the private sector.

### **Channels to market**

Despite the rise in direct debits, donations by cash and card/cheque remain the most popular. DD donors likely to make greater contributions in the longer term and take advantage of Gift Aid

Income from legacies has fallen

Retired, single ABC women aged are more likely to be volunteers and make a contribution.

Demographics – baby boomer generation – represent an affluent bulge in demographics. Amounts bequeathed in wills is set to rise but other economic pressures will impact e.g with property prices high, parents are likely to bequeath money to their children to help them get a foot on the property ladder. Also, erosion of pension values and greater expenditure on personal healthcare in old age makes it more likely that the older generation will spend rather than leave money in their wills. ‘SKiers’(spending the kids’ inheritance).

### **Financial performance of ALZ**

The 2 most

### **Social marketing and charities**

ALZ social agenda – fair and equitable access to treatment

## **The regulation of charities**

The effectiveness of charities

Marketing metrics – Journal of Marketing Management

Relationship marketing – donors need to be assured that their donations are being used widely and that marketing strategies are assessed for their effectiveness!

Use of metrics offers many advantages to organisations – improvements to management, co-ordination, planning, monitoring, compliance, efficiency, effectiveness, and accountability. If marketing manager knows what kinds of activity lead to an increase in donations – it can be repeated whilst less successful attempts are not!

Quantitative and qualitative metrics are required!

- Market share
- Donor retention
- Lifetime value of donors (relationship marketing)
- Image, reputation and brand equity
- Donor perceptions of effectiveness
- Conversion costs

Others are

- Frequency of donation (see appendix 11)

- Donor acquisition costs
- Marketing spend per donor

Journal of marketing management: key determiner of marketing metrics

- Demand for accountability
- Mission rigidity
- Market orientation
- Resource slack
- Centralisation of control
- Extent and formality of planning systems
- Employment of academically well qualified marketing staff
- Size and age of the organisation
- Competitive intensity
- Environmental volatility
- Past investments in marketing

The economic downturn has impacted Charities. Despite this, it is estimated that there will be 46% growth in voluntary donations to UK Charities from 2007 -2012, to reach a total value of £7.3 billion. Competition is likely to lead to more mergers, partnerships and acquisitions. As donors become more discerning, there is likely to be greater demands for accountability and feedback.

Innovation and change will become key drivers. Use of technology and range of methods to attract attention.(Communication) shock tactics, linking of charitable causes with other interests, cinema, TV, (celebrity culture), etc.

ALZ – high profile advocate of cutting edge research in all its aspects – causes, preventative measures, possible cures, and the implications for care- ALZ – plans to re-introduce its own internal audit function and accredited training programme for staff in health and social care services. Learning will be distributed electronically via DVD and online, as well as traditional face to face options.(opportunity to offer this to other Charities and earn income!)

Fundraising activities are set to be expanded to include trading and franchising branded products. Also exploring opportunities for licensing and patenting products as further contributors to income. Dementia is a time bomb – ageing UK population – the segment most vulnerable to dementia. Cost of care for people with dementia is set to rise dramatically over the next two decades. The U.K. government only spends 13% of the amount it spends on Cancer research.. It is much better in France and Germany – why not in the U.K.?

Scientists are close to a breakthrough to help slow down or halt symptoms but they are not a cure! ALZ uses famous names to help raise awareness e.g. Jim Broadbent – actor – looked after his mother. Appropriate choice – film portrayal of husband of novelist Iris Murdoch who suffered dementia! Prince Charles is another great advocate!

Summary

Charities sector – high degree of competition for the limited spending power of individuals and

businesses. Marketing departments in successful charitable organisations operate along business lines in planning, budgeting, monitoring and performance management. Ambivalence/dichotomy of using high profile, expensive marketing campaign – too extravagant compared to the greater social good for which they strive!

Due to the recession, mergers and partnerships seem likely! Prospects for larger Charities look good! Individuals and organisations are motivated to give time and money to Charities they admire or care about. (e.g . Help for Heroes DK to explain)

Maintaining a good reputation is essential to sustain reputation (probity)!

ALZ is stuck in the middle. ALZ – real hurdle it faces is the disparity in funding and the importance attached to dementia compared with cancer, despite the serious problems it poses.

## **Appendices**

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Appendix 1 – extract from Charities Act: Meaning of charitable purpose(p.29) 2 (d) and 2 (j) relief of those in need by reason of age, ill health. 3(b) – ‘prevention or relief of sickness, disease or human suffering’

Appendix 2 – only 0.9% of charities raise more than £5million per year. 47.2% of charities’ annual income is less than £10,000!!

50% of charitable donations go to Cancer Research, 31.8% go Children’s charities and a mere 3.8% go to Mental Health (declining over the past 6 years). (2003 – 5%)

What is the reason for this decline? Other charities shouting louder? Poor marketing?

Oxfam and Cancer Research UK are the most successful. (Table 5)- ALZ is way down the list at £22m!

The percentage of people who donate to charity is growing but dipped slightly in 2007.

Appendix 3 – Dementia increases with age, especially females from age 75+ (page 34). Lots of people with dementia live at home until 90+

Appendix 4- Lots of countries have a greater ratio of population aged 65+ e.g France, Italy, Japan, Germany, Sweden, Spain, etc. UK – greater percentage of private expenditure than most European countries-Table 9 page 37.

Appendix 5 – Total advertising spend is increasing year on year! Children’s charities top media advertising spend. Direct Mail still has the highest spend even though a third of DM gets thrown in the bin!

Appendix 6- £43bn raised but 49% of this total was accounted for by just 0.39% of the UK’s

charities, illustrating the fundraising power of big brand names!

It is increasingly expensive to recruit first time donors. Vicious circle – fewer donors leads to more competition to recruit donors, which raises acquisition costs, which makes charities less cost effective, which makes people less likely to donate to them and so reduces the pool of donors still further. (Tsunami – lot of money donated did not reach the needy in Sri Lanka for example!)

It is a crowded marketplace and marketing techniques are becoming more sophisticated. Cold mailings are not working so well now. Recession?

Emarketing and social networking are yet to be galvanised for most charities-

**Opportunity?** Amnesty are experimenting with social networking – has huge potential. October is a critical month for Charities – people have paid off holidays, not yet Christmas! Cancer Charities have done well in October - this has squeezed out other Charities!

Economic uncertainty has hit Charities hard!

**Action Aid** – key priority is to keep existing supporters and recruit new ones! Wow!

Oxfam – innovation is key. Oxfam has tied up with Marks & Spencer. £5 gift voucher offered to people who give donations of M & S clothes to Oxfam stores in the U.K. and Republic of Ireland. Promoted as biggest recycling campaign in the UK! The voucher can be used for purchases of 335+ on M & S clothes, homewares and beauty products. Trial basis – 6 months. Does not include socks or underwear. Clothes in not a good enough state to sell will be recycled.

Appendix 7 – Conservative MP Anne Milton praised the lobbying efforts of ALZ – won NGO department of the year at PR Week awards.

Appendix 8 – Charity performance

Card/cheque – increasingly popular - +43% in last 3 years! Why? Public are perhaps sceptical about cash donations! Direct debit - +18%. All others have declined  
projections – 2012 – Total value expected to be £7,312m (Top 500 charities).

Appendix 9 – ALZ spend most of their income and in 2007 exceeded it! Income is increasing year on year. ALZ only spend 4% on ‘marketing’  
specific activities (table 20) campaigning and awareness raising!

Appendix 10

Aricept is a breakthrough drug which slows and reverses some aspects of deterioration of cognition and function in individuals with severe ALZ disease! Only being used at present for younger patients in the mild to moderate stages of Alzheimer’s. It should be made available to people at all stages of Alzheimer’s. Drugs cost £2.50 per day. Drug restricted to younger patients – but should be available to all! NICE has been challenged. National Institute for Health and Clinical Excellence – has input for quality of life for carers. NICE lost the ruling in Court – adjudged to have acted unfairly. Refused access to the economic model they used to assess costs of treatment.

Appendix 11 – Marketing metrics – table – very useful.

Appendix 12 – Dementia research must treble to prevent unmitigated disaster. Should be on a par with cancer research!

There is a lot of pressure on families who have loved ones suffering from dementia. 700,000 sufferers - set to double within the next generation!

Delaying the onset of dementia by 5 years halved the cost of care!

The overall cost of dementia to the UK economy is expected to rise from £17 billion to £50 billion. Dementia robs people of their lives. Jim Broadbent compares this campaign to Cancer campaign many years ago.

Prince Charles is a big supporter of the cause.

Article 9 is very good.

### **Possible questions**

- 1. Devise an international marketing plan which will enable ALZ to expand its sphere of influence and increase its donor income and drive additional profitability.**
- 2. Define the business ALZ should be in and structure the offering accordingly.**
- 3. What branding and positioning strategy should ALZ adopt to improve its appeal to donors?**
- 4. Devise a marketing plan to make ALZ a leading player in the Charity sector.**
- 5. Prepare a relationship marketing campaign which will effectively increase ALZ's donor loyalty and their lifetime value**
6. ALZ is at a critical point in its development and growth. Produce a strategic marketing plan which will ensure increased revenue and negate the marketing strategies of domestic and international rivals.
7. Prepare a communications plan which will increase sales and profitability for ALZ across all its target markets.
8. Prepare and justify the appropriate marketing metrics that should be applied to ALZ.